

The Collapse of Socialism

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We are now living thorough the most significant and exciting event of the 20th century: nothing less than the collapse of socialism.

Before the rise of the new idea of socialism in the mid and late 19th century, the great struggle of social and political philosophy was crystal-clear. On one side was the exciting and liberating idea of classical liberalism, emerging since the 17th century: of free trade and free markets, individual liberty, separation of Church and State, minimal government, and international peace. This was the movement that ushered in and championed the Industrial Revolution, which, for the first time in human history, created an economy geared to the desires of and abundance for the great mass of consumers.

On the other side were the forces of Tory statism, of the Old Order of Throne and Altar, of feudalism, absolutism, and mercantilism, of special privileges and cartels granted by Big Government, of war, and impoverishment for the mass of their subjects.

In the field of ideas, and in action and in institutions, the classical liberals were rapidly on the way to winning this battle. The world had come to realize that freedom, and the growth of industry and standards of living for all, must go hand in hand.

Then, in the 19th century, the onward march of freedom and classical liberalism was derailed by the growth of a new idea: socialism. Rather than rejecting industrialism and the welfare of the masses of people as the Tories had done, socialists professed that they could and would do far better by the masses and bring about "genuine freedom" by creating a state more coercive and totalitarian than the Tories had ever

contemplated. Through "scientific" central planning, socialism could and would usher in a world of freedom and superabundance for all.

The 20th century put the triumphant idealism of the 19th into practice, and so our century became the Age of Socialism. Half the world became fully and consistently socialist, and the other half came fairly close to that ideal. And now, after decades of calling themselves the wave of the future, and deriding all their opponents as hopelessly "reactionary" (i.e. not in tune with modern thinking), "paleolithic," and "Neanderthal," socialism, throughout the world, has been rapidly packing it in. For that is what *glasnost* and *perestroika* amount to.

Ludwig von Mises, at the dawn of the Socialist Century, warned, in a famous article, that socialism simply could not work: that it could not run an industrial economy, and could not even satisfy the goals of the central planners themselves, much less of the mass of consumers in whose name they speak. For decades Mises was derided, and discredited, and various mathematical models were worked out in alleged "refutation" of his lucid and elegant demonstration.

And now, in the leading socialist countries throughout the world: in Soviet Russia, in Hungary, in China, in Yugoslavia, governments are rushing to abandon socialism. Decentralization, markets, profit and loss tests, allowing inefficient firms to go bankrupt, all are being adopted. And why are the socialist countries willing to go through this enormous and truly revolutionary upheaval? Because they are really saying that Mises was right, after all, that socialism doesn't work, and that only desocialized free markets can run a modern economy.

Some are even willing to give up some political power, allow greater criticism, secret ballots and elections, and even, as in Soviet Estonia, to allow a one-and-one half party system, because they are implicitly conceding that Mises was

right: that you can't have economic freedom and private property without intellectual and political freedom, that you can't have *perestroika* without *glasnost*.

It is truly inspiring to see how freedom exerts its own "domino effect." Country after socialist country has been trying to top each other to see how far and how fast each one can go down the road of freedom and desocialization.

But much of this gripping drama has been concealed from the American public because, for the last 40 years, our opinion-molders have told us that the *only* enemy is Communism. Our leaders have shifted the focus away from socialism itself to a variant that is different only because it is more militant and consistent.

This has enabled modern liberals, who share many of the same statist ideas, to separate *competing* groups of socialists from the horrors of socialism in action. Thus, Trotskyists, Social Democrats, democratic socialists, or whatever, are able to pass themselves off as anti-Communist good guys, while the blame for the Gulag or Cambodian genocide is removed from socialism itself.

Now it is clear that none of this will wash. The enemy of freedom, of prosperity, of truly rational economics is socialism period, and not just one specific group of socialists.

As even the "socialist bloc" begins to throw in the towel, there are virtually no Russians or Chinese or Hungarians or Yugoslavs left who have any use for socialism. The only genuine socialists these days are intellectuals in the West who are enjoying a comfortable and even luxurious living within the supposed bastions of capitalism.